

**REPORT  
ON THE  
RATE SETTING AUDIT**

**PALO ALTO NURSING CENTER  
PALO ALTO, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1780719278**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

**Audits Section—Santa Ana  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Margaret A. Varho  
Audit Supervisor: Felipe Avila  
Auditor: David Ellis**



TOBY DOUGLAS  
DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

Date: May 9, 2013

Carol Sparks  
Director of Reimbursement  
Covenant Care, Inc.  
27071 Aliso Creek Road, Suite 100  
Aliso Viejo, CA 92656

PALO ALTO NURSING CENTER  
NATIONAL PROVIDER IDENTIFIER (NPI) 1780719278  
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's Integrated Disclosure and Medi-Cal Cost Report for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, and was limited to a review of the cost report and accompanying financial statements, Medi-Cal payment data reports, and the prior fiscal period's Medi-Cal program audit report.

In our opinion, the data presented in the accompanying Summary of Audited Facility Cost per Patient Day represents a proper determination of the allowable costs and patient days for the above fiscal period in accordance with Medi-Cal reimbursement principles.

This audit report includes the:

1. Summary of Audited Facility Cost per Patient Day and supporting schedules
2. Audit adjustments that include a summary of the total due the State in the amount of \$7,513, which resulted from Medi-Cal overpayments

The audit settlement will be incorporated into a Statement of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement of Account Status.

Carol Sparks  
Page 2

Future Medi-Cal long-term care prospective rates may be affected by this examination. The extent to which the rates change will be determined by the Department's Fee-For-Service Rate Development Division.

Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

If you disagree with the decision of the Department, you may appeal by writing to:

Chief  
Department of Health Care Services  
Office of Administrative Hearings and Appeals  
1029 J Street, Suite 200  
Sacramento, CA 95814  
(916) 322-5603

The written notice of disagreement must be received by the Department within 60 calendar days from the day you receive this letter. A copy of this notice should be sent to:

**United States Postal Service (USPS)**

Assistant Chief Counsel  
Department of Health Care Services  
Office of Legal Services  
MS 0010  
PO Box 997413  
Sacramento, CA 95899

**Courier (UPS, FedEx, etc.)**

Assistant Chief Counsel  
Department of Health Care Services  
Office of Legal Services  
MS 0010  
1501 Capitol Avenue, Suite 71.5001  
Sacramento, CA 95814  
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

If you have questions regarding this report, you may call the Audits Section—Santa Ana at (714) 558-4434.

***(Original signed by Margaret Varho)***

Margaret A. Varho, Chief  
Audits Section—Santa Ana  
Financial Audits Branch

Certified

## SUMMARY OF AUDITED FACILITY COSTS / COST PER PATIENT DAY

Provider Name:  
PALO ALTO NURSING CENTER

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1780719278

OSHPD Facility No.:  
206431059

Line No.	PROGRAM DESCRIPTION	AS REPORTED	AS AUDITED	AUDITED COST PER PATIENT DAY
<b>SKILLED NURSING CARE</b>				
1	Cost of Direct Care - Labor (Sch. 2, Ln. 105)	\$ N/A	\$ 2,819,961	\$ 133.60
2	Cost of Indirect Care - Labor (Sch. 3, Ln. 105)	\$ N/A	\$ 772,623	\$ 36.61
3	Cost of Direct and Indirect Nonlabor - Other (Sch. 4, Ln. 105)	\$ N/A	\$ 457,868	\$ 21.69
4	Cost of Capital Related (Sch. 5, Ln. 105)	\$ N/A	\$ 754,209	\$ 35.73
5	Property Taxes (Sch. 5, Ln. 105)	\$ N/A	\$ 18,086	\$ 0.86
6	CDPH Licensing Fees (Sch. 6, Ln. 105)	\$ N/A	\$ 12,154	\$ 0.58
7	Professional Liability Insurance (Sch. 6, Ln. 105)	\$ N/A	\$ 42,307	\$ 2.00
8	Caregiver Training (Sch. 6, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
9	Quality Assurance Fees (Sch. 6, Ln. 105)	\$ N/A	\$ 221,917	\$ 10.51
10	Cost of Administration (Sch. 6, Ln. 105)	\$ N/A	\$ 617,326	\$ 29.25
11	Cost of Routine Service/Audited Total Costs	\$ 5,703,595	\$ 5,716,451	\$ 270.83
12	Total Patient Days (Adj )	21,107	21,107	
13	Cost Per Patient Day (Cost Divided by Days)	\$ 270.22	\$ 270.83	
14	Overpayments (Adj 6)	\$ 0	\$ (7,513)	
15	Medi-Cal Days (Adj 5)	11,824	9,205	
16	Medi-Cal Managed Care Days (Adj )		0	
<b>INTERMEDIATE CARE</b>				
17	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$ 0	\$ 0	
18	Total Patient Days (Adj )	0	0	
19	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
20	Overpayments (Adj )	\$ 0	\$ 0	
<b>MENTALLY DISORDERED CARE</b>				
21	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$ 0	\$ 0	
22	Total Patient Days (Adj )	0	0	
23	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
24	Overpayments (Adj )	\$ 0	\$ 0	
<b>DEVELOPMENTALLY DISABLED CARE</b>				
25	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$ 0	\$ 0	
26	Total Patient Days (Adj )	0	0	
27	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
28	Overpayments (Adj )	\$ 0	\$ 0	
<b>SUBACUTE CARE</b>				
29	Cost of Direct Care - Labor (Subacute Care Sch. 1, Ln. 25)	\$ N/A	\$ 0	\$ 0.00
30	Cost of Indirect Care - Labor (Subacute Care Sch. 1, Ln. 26)	\$ N/A	\$ 0	\$ 0.00
31	Cost of Direct and Indirect Nonlabor - Other (Subacute Care Sch. 1, Ln. 27)	\$ N/A	\$ 0	\$ 0.00
32	Cost of Capital Related (Subacute Care Sch. 1, Ln. 28)	\$ N/A	\$ 0	\$ 0.00
33	Property Taxes (Subacute Care Sch. 1, Ln. 29)	\$ N/A	\$ 0	\$ 0.00
34	CDPH Licensing Fees (Subacute Care Sch. 1, Ln. 30)	\$ N/A	\$ 0	\$ 0.00
35	Professional Liability Insurance (Subacute Care Sch. 1, Ln. 31)	\$ N/A	\$ 0	\$ 0.00
36	Quality Assurance Fees (Subacute Care Sch. 1, Ln. 32)	\$ N/A	\$ 0	\$ 0.00
37	Caregiver Training (Subacute Care Sch. 1, Ln. 33)	\$ N/A	\$ 0	\$ 0.00
38	Cost of Administration (Subacute Care Sch.1, Ln. 34)	\$ N/A	\$ 0	\$ 0.00
39	Total Cost of Subacute Service (Subacute Care Sch. 1, Ln. 35)	\$ 0	\$ 0	\$ 0.00
40	Total Patient Days (Subacute Care Sch. 1, Ln. 36)	0	0	
41	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
42	Amount Due Provider (State) (Subacute Care Sch. 1, Ln. 40)	\$ 0	\$ 0	

## SUMMARY OF AUDITED FACILITY COSTS / COST PER PATIENT DAY

**Provider Name:**  
PALO ALTO NURSING CENTER

**Fiscal Period:**  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

**Provider NPI:**  
1780719278

**OSHPD Facility No.:**  
206431059

Line No.	PROGRAM DESCRIPTION	AS REPORTED	AS AUDITED	AUDITED COST PER PATIENT DAY
<b>SUBACUTE CARE - PEDIATRIC</b>				
43	Cost of Routine Service (Subacute Care - Pediatric, Sch. 1, Ln 3)	\$ 0	\$ 0	
44	Cost of Ancillary Service (Subacute Care - Pediatric, Sch. 1, Ln. 1 + Ln. 2)	\$ 0	\$ 0	
45	Total Cost of Subacute Care - Pediatric Service (Ln. 43 + Ln. 44)	\$ 0	\$ 0	
46	Total Patient Days (Subacute Care - Pediatric, Sch. 1, Ln. 5)	0	0	
47	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
48	Amount Due Provider (State) (Subacute Care - Pediatric, Sch. 1, Ln. 9)	\$ 0	\$ 0	
<b>TRANSITIONAL INPATIENT CARE</b>				
49	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$ 0	\$ 0	
50	Total Patient Days (Adj )	0	0	
51	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
52	Overpayments (Adj )	\$ 0	\$ 0	
<b>HOSPICE INPATIENT CARE</b>				
53	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$ 0	\$ 0	
54	Total Patient Days (Adj )	0	0	
55	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
56	Overpayments (Adj )	\$ 0	\$ 0	
<b>OTHER ROUTINE SERVICES</b>				
57	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$ 0	\$ 0	
58	Total Patient Days (Adj )	0	0	
59	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
60	Overpayments (Adj )	\$ 0	\$ 0	

**ALLOCATION OF GENERAL SERVICES  
DIRECT CARE LABOR**

**Provider Name:**  
PALO ALTO NURSING CENTER

**Fiscal Period:**  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

**Provider NPI:**  
1780719278

**OSHPD Facility No.:**  
206431059

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Soc Svcs	Activities	Total
			155	160	
	<b>GENERAL SERVICES</b>				
005	Plant Operations and Maintenance				
010	Housekeeping				
060	Laundry and Linen				
065	Dietary				
155	Social Services	\$ 207,853	\$ 207,853		
160	Activities	96,894		\$ 96,894	
165	Administration				
166	Medical Records				
170	Inservice Education - Nursing				
	<b>ANCILLARY SERVICES</b>				
075	Patient Supplies	0	0	0	0
077	Specialized Support Surfaces	N/A	0	0	0
080	Physical Therapy	0	0	0	0
081	Respiratory Therapy	0	0	0	0
082	Occupational Therapy	0	0	0	0
083	Speech Pathology	0	0	0	0
085	Pharmacy	0	0	0	0
090	Laboratory	0	0	0	0
095	Home Health Services	0	0	0	0
100	Other Ancillary Services	0	0	0	0
101	Subacute Care Ancillary Services	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services	0	0	0	0
	<b>ROUTINE SERVICES</b>				
105	Skilled Nursing Care	2,515,214	207,853	96,894	2,819,961
110	Intermediate Care	0	0	0	0
115	Mentally Disordered Care	0	0	0	0
120	Developmentally Disabled Care	0	0	0	0
125	Subacute Care	0	0	0	0
126	Subacute Care - Pediatric	0	0	0	0
128	Transitional Inpatient Care	0	0	0	0
130	Hospice Inpatient Care	0	0	0	0
135	Other Routine Services	0	0	0	0
	<b>NONREIMBURSABLE</b>				
139	Residential Care	0	0	0	0
140	Beauty and Barber	0	0	0	0
145	Other Nonreimbursable	0	0	0	0
	<b>TOTAL</b>	<b>\$ 2,819,961</b>	<b>\$ 207,853</b>	<b>\$ 96,894</b>	<b>\$ 2,819,961</b>

\* (To Schedule 1)

ALLOCATION OF GENERAL SERVICES  
INDIRECT CARE LABOR

Provider Name:  
PALO ALTO NURSING CENTER

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Plant Ops 005	Hskpng 010	Laundry 060	Dietary 065	Soc Srvs 155	Activities 160	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total
<b>GENERAL SERVICES</b>													
005	Plant Operations and Maintenance	\$ 35,330	\$ 35,330										
010	Housekeeping	264,450	803	\$ 265,253									
060	Laundry and Linen	54,503	887	6,817	\$ 62,208								
065	Dietary	299,643	3,670	28,199	0	\$ 331,512							
155	Social Services	N/A	353	2,711	0	0	\$ 3,064						
160	Activities	N/A	773	5,939	0	0	0	\$ 6,712					
165	Administration	N/A	3,882	29,826	0	0	0	0		\$ 33,708	\$ 33,708		
166	Medical Records	75,265	245	1,885	0	0	0	0		77,395		\$ 77,395	
170	Inservice Education - Nursing	96,552	615	4,726	0	0	0	0	\$ 101,893				
<b>ANCILLARY SERVICES</b>													
075	Patient Supplies		155	1,188	0	0	0	0	0	1,342	374	859	\$ 2,576
077	Specialized Support Surfaces		0	0	0	0	0	0	0	0	11	25	36
080	Physical Therapy		1,308	10,045	0	0	0	0	0	11,353	2,144	4,923	18,420
081	Respiratory Therapy		0	0	0	0	0	0	0	0	0	0	0
082	Occupational Therapy		988	7,592	0	0	0	0	0	8,580	2,276	5,226	16,082
083	Speech Pathology		676	5,190	0	0	0	0	0	5,866	214	492	6,572
085	Pharmacy		84	646	0	0	0	0	0	730	2,319	5,326	8,375
090	Laboratory		0	0	0	0	0	0	0	0	254	584	838
095	Home Health Services		0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services		0	0	0	0	0	0	0	0	56	127	183
101	Subacute Care Ancillary Services		0	0	0	0	0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services		0	0	0	0	0	0	0	0	0	0	0
<b>ROUTINE SERVICES</b>													
105	Skilled Nursing Care		20,890	160,490	62,208	331,512	3,064	6,712	101,893	686,769	26,047	59,807	772,623 *
110	Intermediate Care		0	0	0	0	0	0	0	0	0	0	0 *
115	Mentally Disordered Care		0	0	0	0	0	0	0	0	0	0	0 *
120	Developmentally Disabled Care		0	0	0	0	0	0	0	0	0	0	0 *
125	Subacute Care		0	0	0	0	0	0	0	0	0	0	0 *
126	Subacute Care - Pediatric		0	0	0	0	0	0	0	0	0	0	0 *
128	Transitional Inpatient Care		0	0	0	0	0	0	0	0	0	0	0 *
130	Hospice Inpatient Care		0	0	0	0	0	0	0	0	0	0	0 *
135	Other Routine Services		0	0	0	0	0	0	0	0	0	0	0 *
<b>NONREIMBURSABLE</b>													
139	Residential Care		0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber		0	0	0	0	0	0	0	0	11	26	38
145	Other Nonreimbursable		0	0	0	0	0	0	0	0	0	0	0
	<b>TOTAL</b>	<b>\$ 825,743</b>	<b>\$ 35,330</b>	<b>\$ 265,253</b>	<b>\$ 62,208</b>	<b>\$ 331,512</b>	<b>\$ 3,064</b>	<b>\$ 6,712</b>	<b>\$ 101,893</b>	<b>\$ 714,640</b>	<b>\$ 33,708</b>	<b>\$ 77,395</b>	<b>\$ 825,743</b>

\* (To Schedule 1)

ALLOCATION OF GENERAL SERVICES  
OTHER - NONLABOR

Provider Name:  
PALO ALTO NURSING CENTER

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Plant Ops 5	Hskpng 10	Laundry 60	Dietary 65	Soc Srvs 155	Activities 160	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total
<b>GENERAL SERVICES</b>													
005	Plant Operations and Maintenance	\$ 132,574	\$ 132,574										
010	Housekeeping	64,999	3,014	\$ 68,013									
060	Laundry and Linen	31,283	3,330	1,748	\$ 36,361								
065	Dietary	131,887	13,773	7,230	0	\$ 152,891							
155	Social Services	16,550	1,324	695	0	0	\$ 18,570						
160	Activities	10,949	2,901	1,523	0	0	0	\$ 15,373					
165	Administration	N/A	14,568	7,648	0	0	0	0		\$ 22,215	\$ 22,215		
166	Medical Records	16,877	921	483	0	0	0	0		18,281		\$ 18,281	
170	Inservice Education - Nursing	0	2,308	1,212	0	0	0	0	\$ 3,520				
<b>ANCILLARY SERVICES</b>													
075	Patient Supplies	60,260	580	305	0	0	0	0	0	61,145	247	203	\$ 61,594
077	Specialized Support Surfaces	1,947	0	0	0	0	0	0	0	1,947	7	6	1,960
080	Physical Therapy	328,627	4,906	2,576	0	0	0	0	0	336,109	1,413	1,163	338,685
081	Respiratory Therapy	0	0	0	0	0	0	0	0	0	0	0	0
082	Occupational Therapy	364,724	3,708	1,947	0	0	0	0	0	370,379	1,500	1,234	373,113
083	Speech Pathology	11,139	2,535	1,331	0	0	0	0	0	15,005	141	116	15,263
085	Pharmacy	408,447	315	166	0	0	0	0	0	408,928	1,529	1,258	411,714
090	Laboratory	45,163	0	0	0	0	0	0	0	45,163	168	138	45,469
095	Home Health Services	0	0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services	9,857	0	0	0	0	0	0	0	9,857	37	30	9,924
101	Subacute Care Ancillary Services	0	0	0	0	0	0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services	0	0	0	0	0	0	0	0	0	0	0	0
<b>ROUTINE SERVICES</b>													
105	Skilled Nursing Care	80,321	78,389	41,151	36,361	152,891	18,570	15,373	3,520	426,575	17,167	14,127	457,868 *
110	Intermediate Care		0	0	0	0	0	0	0	0	0	0	0 *
115	Mentally Disordered Care		0	0	0	0	0	0	0	0	0	0	0 *
120	Developmentally Disabled Care		0	0	0	0	0	0	0	0	0	0	0 *
125	Subacute Care	0	0	0	0	0	0	0	0	0	0	0	0 *
126	Subacute Care - Pediatric	0	0	0	0	0	0	0	0	0	0	0	0 *
128	Transitional Inpatient Care		0	0	0	0	0	0	0	0	0	0	0 *
130	Hospice Inpatient Care		0	0	0	0	0	0	0	0	0	0	0 *
135	Other Routine Services		0	0	0	0	0	0	0	0	0	0	0 *
<b>NONREIMBURSABLE</b>													
139	Residential Care	0	0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber	2,020	0	0	0	0	0	0	0	2,020	7	6	2,034
145	Other Nonreimbursable	0	0	0	0	0	0	0	0	0	0	0	0
	<b>TOTAL</b>	<b>\$ 1,717,624</b>	<b>\$ 132,574</b>	<b>\$ 68,013</b>	<b>\$ 36,361</b>	<b>\$ 152,891</b>	<b>\$ 18,570</b>	<b>\$ 15,373</b>	<b>\$ 3,520</b>	<b>\$ 1,677,127</b>	<b>\$ 22,215</b>	<b>\$ 18,281</b>	<b>\$ 1,717,624</b>

\* (To Schedule 1)

ALLOCATION OF CAPITAL COSTS

Provider Name:  
PALO ALTO NURSING CENTER

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Ratio	Capital	Plant Ops	Hskpng	Laundry	Dietary	Soc Srvs	Activities
				Various	5	10	60	65	155	160
<b>GENERAL SERVICES</b>										
	Capital Related (excluding lines 40 & 45)	\$ 857,191	98%							
	Property Tax (line 40)	20,556	2%	\$ 877,747						
005	Plant Operations and Maintenance			18,795	\$ 18,795					
010	Housekeeping			19,531	427	\$ 19,958				
060	Laundry and Linen			21,574	472	513	\$ 22,559			
065	Dietary			89,237	1,953	2,122	0	\$ 93,312		
155	Social Services			8,581	188	204	0	0	\$ 8,972	
160	Activities			18,795	411	447	0	0	0	\$ 19,654
165	Administration			94,386	2,065	2,244	0	0	0	0
166	Medical Records			5,966	131	142	0	0	0	0
170	Inservice Education - Nursing			14,955	327	356	0	0	0	0
<b>ANCILLARY SERVICES</b>										
075	Patient Supplies			3,759	82	89	0	0	0	0
077	Specialized Support Surfaces			0	0	0	0	0	0	0
080	Physical Therapy			31,789	696	756	0	0	0	0
081	Respiratory Therapy			0	0	0	0	0	0	0
082	Occupational Therapy			24,025	526	571	0	0	0	0
083	Speech Pathology			16,426	359	391	0	0	0	0
085	Pharmacy			2,043	45	49	0	0	0	0
090	Laboratory			0	0	0	0	0	0	0
095	Home Health Services			0	0	0	0	0	0	0
100	Other Ancillary Services			0	0	0	0	0	0	0
101	Subacute Care Ancillary Services			0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services			0	0	0	0	0	0	0
<b>ROUTINE SERVICES</b>										
105	Skilled Nursing Care			507,885	11,113	12,076	22,559	93,312	8,972	19,654
110	Intermediate Care			0	0	0	0	0	0	0
115	Mentally Disordered Care			0	0	0	0	0	0	0
120	Developmentally Disabled Care			0	0	0	0	0	0	0
125	Subacute Care			0	0	0	0	0	0	0
126	Subacute Care - Pediatric			0	0	0	0	0	0	0
128	Transitional Inpatient Care			0	0	0	0	0	0	0
130	Hospice Inpatient Care			0	0	0	0	0	0	0
135	Other Routine Services			0	0	0	0	0	0	0
<b>NONREIMBURSABLE</b>										
139	Residential Care			0	0	0	0	0	0	0
140	Beauty and Barber			0	0	0	0	0	0	0
145	Other Nonreimbursable			0	0	0	0	0	0	0
	<b>TOTAL</b>	<b>\$ 877,747</b>	<b>100%</b>	<b>\$ 877,747</b>	<b>\$ 18,795</b>	<b>\$ 19,958</b>	<b>\$ 22,559</b>	<b>\$ 93,312</b>	<b>\$ 8,972</b>	<b>\$ 19,654</b>

\* (To Schedule 1)

## ALLOCATION OF CAPITAL COSTS

Provider Name:  
PALO ALTO NURSING CENTER

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Ratio	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total	Capital Related 98% Of Total	Property Tax 2% Of Total
	<b>GENERAL SERVICES</b>									
	Capital Related (excluding lines 40 & 45)	\$ 857,191	98%							
	Property Tax (line 40)	20,556	2%							
005	Plant Operations and Maintenance									
010	Housekeeping									
060	Laundry and Linen									
065	Dietary									
155	Social Services									
160	Activities									
165	Administration				\$ 98,695	\$ 98,695				
166	Medical Records				6,238		\$ 6,238			
170	Inservice Education - Nursing			\$ 15,637						
	<b>ANCILLARY SERVICES</b>									
075	Patient Supplies			0	3,931	1,095	69	\$ 5,095	\$ 4,976	\$ 119
077	Specialized Support Surfaces			0	0	32	2	34	33	1
080	Physical Therapy			0	33,240	6,278	397	39,915	38,981	935
081	Respiratory Therapy			0	0	0	0	0	0	0
082	Occupational Therapy			0	25,122	6,664	421	32,208	31,453	754
083	Speech Pathology			0	17,176	627	40	17,843	17,425	418
085	Pharmacy			0	2,136	6,791	429	9,357	9,138	219
090	Laboratory			0	0	745	47	792	773	19
095	Home Health Services			0	0	0	0	0	0	0
100	Other Ancillary Services			0	0	163	10	173	169	4
101	Subacute Care Ancillary Services			0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services			0	0	0	0	0	0	0
	<b>ROUTINE SERVICES</b>									
105	Skilled Nursing Care			15,637	691,209	76,266	4,820	772,295	754,209	18,086
110	Intermediate Care			0	0	0	0	0	0	0
115	Mentally Disordered Care			0	0	0	0	0	0	0
120	Developmentally Disabled Care			0	0	0	0	0	0	0
125	Subacute Care			0	0	0	0	0	0	0
126	Subacute Care - Pediatric			0	0	0	0	0	0	0
128	Transitional Inpatient Care			0	0	0	0	0	0	0
130	Hospice Inpatient Care			0	0	0	0	0	0	0
135	Other Routine Services			0	0	0	0	0	0	0
	<b>NONREIMBURSABLE</b>									
139	Residential Care			0	0	0	0	0	0	0
140	Beauty and Barber			0	0	33	2	35	35	1
145	Other Nonreimbursable			0	0	0	0	0	0	0
	<b>TOTAL</b>	\$ 877,747	100%	\$ 15,637	\$ 772,814	\$ 98,695	\$ 6,238	\$ 877,747	\$ 857,191	\$ 20,556

\* (To Schedule 1)

ALLOCATION OF ADMINISTRATION AND OTHER DIRECT PASS-THROUGH COSTS

Provider Name:  
PALO ALTO NURSING CENTER

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Ratio	Accum Costs (From Sch 2)	Accum Costs (From Sch 3)	Accum Costs (From Sch 4)	Accum Costs (From Sch 5)	Total Accum Costs	Allocated Admin. Costs	Admin. 69% of Total	DPH Licensing Fees 1% of Total	Professional Liability Ins. 5% of Total	Quality Assur. Fees 25% of Total	Caregiver Training 0% of Total
<b>GENERAL SERVICES</b>														
045	Property Insurance	\$ 10,860												
055	Interest - Other	4,609												
165	Administration (Salaries & Wages, Fringe Benefits, Agency Staff and Other - Nonlabor)	783,407												
	Total Costs Allocable as Administration	798,876	69%											
167	CDPH Licensing Fees	15,728	1%											
168	Professional Liability Insurance	54,749	5%											
169	Quality Assurance Fees	287,181	25%											
174	Caregiver Training	0	0%											
	Total	1,156,534	100%						\$ 1,156,534					
<b>ANCILLARY SERVICES</b>														
075	Patient Supplies			\$ -	\$ 1,342	\$ 61,145	\$ 3,931	\$ 66,418	12,836	\$ 8,866	\$ 175	\$ 608	\$ 3,187	\$ -
077	Specialized Support Surfaces			0	0	1,947	0	1,947	376	260	5	18	93	0
080	Physical Therapy			0	11,353	336,109	33,240	380,702	73,572	50,820	1,001	3,483	18,269	0
081	Respiratory Therapy			0	0	0	0	0	0	0	0	0	0	0
082	Occupational Therapy			0	8,580	370,379	25,122	404,081	78,090	53,941	1,062	3,697	19,391	0
083	Speech Pathology			0	5,866	15,005	17,176	38,047	7,353	5,079	100	348	1,826	0
085	Pharmacy			0	730	408,928	2,136	411,794	79,581	54,970	1,082	3,767	19,761	0
090	Laboratory			0	0	45,163	0	45,163	8,728	6,029	119	413	2,167	0
095	Home Health Services			0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services			0	0	9,857	0	9,857	1,905	1,316	26	90	473	0
101	Subacute Care Ancillary Services			0	0	0	0	0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services			0	0	0	0	0	0	0	0	0	0	0
<b>ROUTINE SERVICES</b>														
105	Skilled Nursing Care			2,819,961	686,769	426,575	691,209	4,624,513	893,704	617,326	12,154	42,307	221,917	0
110	Intermediate Care			0	0	0	0	0	0	0	0	0	0	0
115	Mentally Disordered Care			0	0	0	0	0	0	0	0	0	0	0
120	Developmentally Disabled Care			0	0	0	0	0	0	0	0	0	0	0
125	Subacute Care			0	0	0	0	0	0	0	0	0	0	0
126	Subacute Care - Pediatric			0	0	0	0	0	0	0	0	0	0	0
128	Transitional Inpatient Care			0	0	0	0	0	0	0	0	0	0	0
130	Hospice Inpatient Care			0	0	0	0	0	0	0	0	0	0	0
135	Other Routine Services			0	0	0	0	0	0	0	0	0	0	0
<b>NONREIMBURSABLE</b>														
139	Residential Care			0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber			0	0	2,020	0	2,020	390	270	5	18	97	0
145	Other Nonreimbursable			0	0	0	0	0	0	0	0	0	0	0
	<b>SUBTOTAL</b>	\$ 1,156,534		\$ 2,819,961	\$ 714,640	\$ 1,677,127	\$ 772,814	\$ 5,984,542	\$ 1,156,534					
	Total Administrative Costs							\$ 1,156,534		\$ 798,876	\$ 15,728	\$ 54,749	\$ 287,181	\$ -
	Unit Cost Multiplier							0.19325355						
	Accumulated Administration Costs (Sch 2 thru 5)			\$ 111,103	\$ 40,497	\$ 104,933	\$ 256,533							
	<b>TOTAL FACILITY COSTS</b>							\$ 7,397,609						

\* (To Schedule 1)

## STATISTICS FOR COST ALLOCATION

Provider Name:  
PALO ALTO NURSING CENTER

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	DESCRIPTION	Capital (SQ FT) VARIOUS (Adj )	Plant Ops (SQ FT) 5 (Adj )	Hskpng (SQ FT) 10 (Adj )	Laundry (LBS) 60 (Adj )	Dietary (MEALS) 65 (Adj )	Soc Srvs (DIRECT EXP) 155 (Adj )	Activities (DIRECT EXP) 160 (Adj )	Inserv. Ed (DIRECT EXP) 170 (Adj )	Admin. (TOTAL ACCUM COST)	Med Records (TOTAL ACCUM COST)
	<b>GENERAL SERVICES</b>										
005	Plant Operations and Maintenance	230									
010	Housekeeping	239	239								
060	Laundry and Linen	264	264	264							
065	Dietary	1,092	1,092	1,092							
155	Social Services	105	105	105							
160	Activities	230	230	230							
165	Administration	1,155	1,155	1,155							
166	Medical Records	73	73	73							
170	Inservice Education - Nursing	183	183	183							
	<b>ANCILLARY SERVICES</b>										
075	Patient Supplies	46	46	46						66,418	66,418
077	Specialized Support Surfaces									1,947	1,947
080	Physical Therapy	389	389	389						380,702	380,702
081	Respiratory Therapy									0	0
082	Occupational Therapy	294	294	294						404,081	404,081
083	Speech Pathology	201	201	201						38,047	38,047
085	Pharmacy	25	25	25						411,794	411,794
090	Laboratory									45,163	45,163
095	Home Health Services									0	0
100	Other Ancillary Services									9,857	9,857
101	Subacute Care Ancillary Services									0	0
102	Subacute Care - Pediatric Ancillary Services									0	0
	<b>ROUTINE SERVICES</b>										
105	Skilled Nursing Care	6,215	6,215	6,215	42,214	62,853	2,595,535	2,595,535	2,595,535	4,624,513	4,624,513
110	Intermediate Care						0	0	0	0	0
115	Mentally Disordered Care						0	0	0	0	0
120	Developmentally Disabled Care						0	0	0	0	0
125	Subacute Care						0	0	0	0	0
126	Subacute Care - Pediatric						0	0	0	0	0
128	Transitional Inpatient Care						0	0	0	0	0
130	Hospice Inpatient Care						0	0	0	0	0
135	Other Routine Services						0	0	0	0	0
	<b>NONREIMBURSABLE</b>										
139	Residential Care									0	0
140	Beauty and Barber									2,020	2,020
145	Other Nonreimbursable									0	0
	<b>TOTAL STATISTICS</b>	10,741	10,511	10,272	42,214	62,853	2,595,535	2,595,535	2,595,535	5,984,542	5,984,542
	<b>TOTAL DIRECT SALARIES COSTS - SCH. 2 UNIT COST MULTIPLIER (DIRECT SALARIES)</b>						\$ 207,853 0.080080985	\$ 96,894 0.037331032			
	<b>TOTAL INDIRECT SALARIES COSTS - SCH. 3 UNIT COST MULTIPLIER (INDIRECT SALARIES)</b>		\$ 35,330 3.36124061	\$ 265,253 25.82294943	\$ 62,208 1.47362548	\$ 331,512 5.27440433	\$ 3,064 0.00118062	\$ 6,712 0.00258612	\$ 101,893 0.03925692	\$ 33,708 0.00563247	\$ 77,395 0.01293256
	<b>TOTAL INDIRECT OTHER COSTS - SCH. 4 UNIT COST MULTIPLIER (INDIRECT OTHER)</b>		\$ 132,574 12.61288174	\$ 68,013 6.62124988	\$ 36,361 0.86134483	\$ 152,891 2.43251192	\$ 18,570 0.00715443	\$ 15,373 0.00592281	\$ 3,520 0.00135612	\$ 22,215 0.00371213	\$ 18,281 0.00305472
	<b>TOTAL CAPITAL COSTS - SCH. 5 UNIT COST MULTIPLIER (CAPITAL COSTS)</b>	\$ 877,747 81.71929988	\$ 18,795 1.78816849	\$ 19,958 1.94297945	\$ 22,559 0.53439424	\$ 93,312 1.48460517	\$ 8,972 0.00345682	\$ 19,654 0.00757208	\$ 15,637 0.00602474	\$ 98,695 0.01649170	\$ 6,238 0.00104233

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
PALO ALTO NURSING CENTER

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
005		Plant Operations and Maintenance					
005	.01-.19	Salaries and Wages	6200	\$ 26,246	\$ 0	\$ 26,246	(Sch 3)
005	.20-.39	Fringe Benefits	6200	9,084	0	9,084	(Sch 3)
005	.79	Agency Staff	6200	0	0	0	(Sch 3)
005	.40-.99	Other - Nonlabor	6200	132,574	0	132,574	(Sch 4)
005		Plant Operations and Maintenance - Total	6200	\$ 167,904	\$ 0	\$ 167,904	
010		Housekeeping					
010	.01-.19	Salaries and Wages	6300	\$ 193,243	\$ 0	\$ 193,243	(Sch 3)
010	.20-.39	Fringe Benefits	6300	71,207	0	71,207	(Sch 3)
010	.79	Agency Staff	6300	0	0	0	(Sch 3)
010	.40-.99	Other - Nonlabor	6300	64,999	0	64,999	(Sch 4)
010		Housekeeping - Total	6300	\$ 329,449	\$ 0	\$ 329,449	
015		Depreciation: Buildings and Improvements	7110 - 7120	\$ 0	\$ 0	\$ 0	(Sch 5)
020		Depreciation: Leasehold Improvements	7130	36,570	0	36,570	(Sch 5)
025		Depreciation: Equipment	7140	12,158	0	12,158	(Sch 5)
030		Depreciation and Amortization - Other	7150 - 7160	0	0	0	(Sch 5)
035		Leases and Rentals	7200	808,463	0	808,463	(Sch 5)
040		Property Taxes	7300	20,556	0	20,556	(Sch 5)
045		Property Insurance	7400	10,860	0	10,860	(Sch 5)
050		Interest - Property, Plant, and Equipment	7500	0	0	0	(Sch 6)
055		Interest - Other	7600	\$ 4,609	\$ 0	\$ 4,609	(Sch 6)
057		<b>Subtotal 005 - 055</b>		\$ 1,390,569	\$ 0	\$ 1,390,569	
060		Laundry and Linen					
060	.01-.19	Salaries and Wages	6400	\$ 39,091	\$ 0	\$ 39,091	(Sch 3)
060	.20-.39	Fringe Benefits	6400	15,412	0	15,412	(Sch 3)
060	.79	Agency Staff	6400	0	0	0	(Sch 3)
060	.40-.99	Other - Nonlabor	6400	31,283	0	31,283	(Sch 4)
060		Laundry and Linen - Total	6400	\$ 85,786	\$ 0	\$ 85,786	
065		Dietary					
065	.01-.19	Salaries and Wages	6500	\$ 231,652	\$ 0	\$ 231,652	(Sch 3)
065	.20-.39	Fringe Benefits	6500	67,991	0	67,991	(Sch 3)
065	.79	Agency Staff	6500	0	0	0	(Sch 3)
065	.40-.99	Other - Nonlabor	6500	131,887	0	131,887	(Sch 4)
065		Dietary - Total	6500	\$ 431,530	\$ 0	\$ 431,530	
070		Provision for Bad Debts	7700	\$	0	\$ 0	
		<b>Ancillary Services</b>					
075		Patient Supplies					
075	.01-.19	Salaries and Wages	8100	\$ 0	\$ 0	\$ 0	(Sch 2)
075	.20-.39	Fringe Benefits	8100	0	0	0	(Sch 2)
075	.79	Agency Staff	8100	0	0	0	(Sch 2)
075	.40-.99	Other - Nonlabor	8100	55,305	4,955	60,260	(Sch 4)
075		Patient Supplies - Total	8100	\$ 55,305	\$ 4,955	\$ 60,260	
077		Specialized Support Surfaces					
077	.01-.19	Salaries and Wages	8150	\$ 0	\$ 0	\$ 0	N/A
077	.20-.39	Fringe Benefits	8150	0	0	0	N/A
077	.79	Agency Staff	8150	0	0	0	N/A
077	.40-.99	Other - Nonlabor	8150	1,947	0	1,947	(Sch 4)
077		Specialized Support Surfaces - Total	8150	\$ 1,947	\$ 0	\$ 1,947	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
PALO ALTO NURSING CENTER

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
080		Physical Therapy					
080	.01-.19	Salaries and Wages	8200	\$ 0	\$ 0	\$ 0	(Sch 2)
080	.20-.39	Fringe Benefits	8200	0	0	0	(Sch 2)
080	.79	Agency Staff	8200	0	0	0	(Sch 2)
080	.40-.99	Other - Nonlabor	8200	328,627	0	328,627	(Sch 4)
080		Physical Therapy - Total	8200	\$ 328,627	\$ 0	\$ 328,627	
081		Respiratory Therapy					
081	.01-.19	Salaries and Wages	8220	\$ 0	\$ 0	\$ 0	(Sch 2)
081	.20-.39	Fringe Benefits	8220	0	0	0	(Sch 2)
081	.79	Agency Staff	8220	0	0	0	(Sch 2)
081	.40-.99	Other - Nonlabor	8220	0	0	0	(Sch 4)
081		Respiratory Therapy - Total	8220	\$ 0	\$ 0	\$ 0	
082		Occupational Therapy					
082	.01-.19	Salaries and Wages	8250	\$ 0	\$ 0	\$ 0	(Sch 2)
082	.20-.39	Fringe Benefits	8250	0	0	0	(Sch 2)
082	.79	Agency Staff	8250	0	0	0	(Sch 2)
082	.40-.99	Other - Nonlabor	8250	364,724	0	364,724	(Sch 4)
082		Occupational Therapy - Total	8250	\$ 364,724	\$ 0	\$ 364,724	
083		Speech Pathology					
083	.01-.19	Salaries and Wages	8280	\$ 0	\$ 0	\$ 0	(Sch 2)
083	.20-.39	Fringe Benefits	8280	0	0	0	(Sch 2)
083	.79	Agency Staff	8280	0	0	0	(Sch 2)
083	.40-.99	Other - Nonlabor	8280	11,139	0	11,139	(Sch 4)
083		Speech Pathology - Total	8280	\$ 11,139	\$ 0	\$ 11,139	
085		Pharmacy					
085	.01-.19	Salaries and Wages	8300	\$ 0	\$ 0	\$ 0	(Sch 2)
085	.20-.39	Fringe Benefits	8300	0	0	0	(Sch 2)
085	.79	Agency Staff	8300	0	0	0	(Sch 2)
085	.40-.99	Other - Nonlabor	8300	408,447	0	408,447	(Sch 4)
085		Pharmacy - Total	8300	\$ 408,447	\$ 0	\$ 408,447	
090		Laboratory					
090	.01-.19	Salaries and Wages	8400	\$ 0	\$ 0	\$ 0	(Sch 2)
090	.20-.39	Fringe Benefits	8400	0	0	0	(Sch 2)
090	.79	Agency Staff	8400	0	0	0	(Sch 2)
090	.40-.99	Other - Nonlabor	8400	45,163	0	45,163	(Sch 4)
090		Laboratory - Total	8400	\$ 45,163	\$ 0	\$ 45,163	
095		Home Health Services					
095	.01-.19	Salaries and Wages	8800	\$ 0	\$ 0	\$ 0	(Sch 2)
095	.20-.39	Fringe Benefits	8800	0	0	0	(Sch 2)
095	.79	Agency Staff	8800	0	0	0	(Sch 2)
095	.40-.99	Other - Nonlabor	8800	0	0	0	(Sch 4)
095		Home Health Services - Total	8800	\$ 0	\$ 0	\$ 0	
100		Other Ancillary Services					
100	.01-.19	Salaries and Wages	8900	\$ 0	\$ 0	\$ 0	(Sch 2)
100	.20-.39	Fringe Benefits	8900	0	0	0	(Sch 2)
100	.79	Agency Staff	8900	0	0	0	(Sch 2)
100	.40-.99	Other - Nonlabor	8900	9,857	0	9,857	(Sch 4)
100		Other Ancillary Services - Total	8900	\$ 9,857	\$ 0	\$ 9,857	

## SUMMARY OF AUDITED PROGRAM EXPENSES

## Provider Name:

PALO ALTO NURSING CENTER

## Fiscal Period:

JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

## Provider NPI:

1780719278

## OSHPD Facility Number:

206431059

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
101		Subacute Care Ancillary Services					
101	.01-.19	Salaries and Wages	8100-8900	\$	\$ 0	\$ 0	(Sch 2)
101	.20-.39	Fringe Benefits	8100-8900		0	0	(Sch 2)
101	.79	Agency Staff	8100-8900		0	0	(Sch 2)
101	.40-.99	Other - Nonlabor	8100-8900		0	0	(Sch 4)
101		Subacute Care Ancillary Services - Total	8100-8900	\$ 0	\$ 0	\$ 0	
102		Subacute Care - Pediatric Ancillary Services					
102	.01-.19	Salaries and Wages	8100-8900	\$	\$ 0	\$ 0	(Sch 2)
102	.20-.39	Fringe Benefits	8100-8900		0	0	(Sch 2)
102	.79	Agency Staff	8100-8900		0	0	(Sch 2)
102	.40-.99	Other - Nonlabor	8100-8900		0	0	(Sch 4)
102		Subacute Care - Pediatric Ancillary Services - Total	8100-8900	\$ 0	\$ 0	\$ 0	
104		Subtotal 075 - 102		\$ 1,225,209	\$ 4,955	\$ 1,230,164	
		Routine Services					
105		Skilled Nursing Care					
105	.01-.19	Salaries and Wages	6110	\$ 1,889,821	\$ (2,615)	\$ 1,887,206	(Sch 2)
105	.20-.39	Fringe Benefits	6110	628,509	(501)	628,008	(Sch 2)
105	.49	Agency Staff	6110	0	0	0	(Sch 2)
105	.40-.99	Other - Nonlabor	6110	85,776	(5,455)	80,321	(Sch 4)
105		Skilled Nursing Care - Total	6110	\$ 2,604,106	\$ (8,571)	\$ 2,595,535	
110		Intermediate Care					
110	.01-.19	Salaries and Wages	6120	\$	\$ 0	\$ 0	
110	.20-.39	Fringe Benefits	6120		0	0	
110	.49	Agency Staff	6120		0	0	
110	.40-.99	Other - Nonlabor	6120		0	0	
110		Intermediate Care - Total	6120	\$ 0	\$ 0	\$ 0	(Sch 2)
115		Mentally Disordered Care					
115	.01-.19	Salaries and Wages	6130	\$	\$ 0	\$ 0	
115	.20-.39	Fringe Benefits	6130		0	0	
115	.49	Agency Staff	6130		0	0	
115	.40-.99	Other - Nonlabor	6130		0	0	
115		Mentally Disordered Care - Total	6130	\$ 0	\$ 0	\$ 0	(Sch 2)
120		Developmentally Disabled Care					
120	.01-.19	Salaries and Wages	6140	\$	\$ 0	\$ 0	
120	.20-.39	Fringe Benefits	6140		0	0	
120	.49	Agency Staff	6140		0	0	
120	.40-.99	Other - Nonlabor	6140		0	0	
120		Developmentally Disabled Care - Total	6140	\$ 0	\$ 0	\$ 0	(Sch 2)
125		Subacute Care					
125	.01-.19	Salaries and Wages	6150	\$	\$ 0	\$ 0	(Sch 2)
125	.20-.39	Fringe Benefits	6150		0	0	(Sch 2)
125	.49	Agency Staff	6150		0	0	(Sch 2)
125	.40-.99	Other - Nonlabor	6150		0	0	(Sch 4)
125		Subacute Care - Total	6150	\$ 0	\$ 0	\$ 0	
126		Subacute Care - Pediatric					
126	.01-.19	Salaries and Wages	6160	\$	\$ 0	\$ 0	(Sch 2)
126	.20-.39	Fringe Benefits	6160		0	0	(Sch 2)
126	.49	Agency Staff	6160		0	0	(Sch 2)
126	.40-.99	Other - Nonlabor	6160		0	0	(Sch 4)
126		Subacute Care - Pediatric - Total	6160	\$ 0	\$ 0	\$ 0	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
PALO ALTO NURSING CENTER

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
128		Transitional Inpatient Care					
128	.01-.19	Salaries and Wages	6170	\$	\$ 0	\$ 0	
128	.20-.39	Fringe Benefits	6170		0	0	
128	.49	Agency Staff	6170		0	0	
128	.40-.99	Other - Nonlabor	6170		0	0	
128		Transitional Inpatient Care - Total	6170	\$ 0	\$ 0	\$ 0	(Sch 2)
130		Hospice Inpatient Care					
130	.01-.19	Salaries and Wages	6180	\$	\$ 0	\$ 0	
130	.20-.39	Fringe Benefits	6180		0	0	
130	.49	Agency Staff	6180		0	0	
130	.40-.99	Other - Nonlabor	6180		0	0	
130		Hospice Inpatient Care - Total	6180	\$ 0	\$ 0	\$ 0	(Sch 2)
135		Other Routine Services					
135	.01-.19	Salaries and Wages	6190	\$	\$ 0	\$ 0	
135	.20-.39	Fringe Benefits	6190		0	0	
135	.49	Agency Staff	6190		0	0	
135	.40-.99	Other - Nonlabor	6190		0	0	
135		Other Routine Services - Total	6190	\$ 0	\$ 0	\$ 0	(Sch 2)
		<b>Other Nonreimbursable</b>					
139		Residential Care					
139	.01-.19	Salaries and Wages	9100	\$	\$ 0	\$ 0	(Sch 2)
139	.20-.39	Fringe Benefits	9100		0	0	(Sch 2)
139	.49	Agency Staff	9100		0	0	(Sch 2)
139	.40-.99	Other - Nonlabor	9100		0	0	(Sch 4)
139		Residential Care - Total	9100	\$ 0	\$ 0	\$ 0	
140		Beauty and Barber					
140	.01-.19	Salaries and Wages	8900	\$ 0	\$ 0	\$ 0	(Sch 2)
140	.20-.39	Fringe Benefits	8900		0	0	(Sch 2)
140	.49	Agency Staff	8900		0	0	(Sch 2)
140	.40-.99	Other - Nonlabor	8900	2,020	0	2,020	(Sch 4)
140		Beauty and Barber - Total	8900	\$ 2,020	\$ 0	\$ 2,020	
145		Other Nonreimbursable					
145	.01-.19	Salaries and Wages	9100	\$	\$ 0	\$ 0	(Sch 2)
145	.20-.39	Fringe Benefits	9100		0	0	(Sch 2)
145	.49	Agency Staff	9100		0	0	(Sch 2)
145	.40-.99	Other - Nonlabor	9100		0	0	(Sch 4)
145		Other Nonreimbursable - Total	9100	\$ 0	\$ 0	\$ 0	
146		<b>Subtotal 105 - 145</b>		\$ 2,606,126	\$ (8,571)	\$ 2,597,555	
155		Social Services					
155	.01-.19	Salaries and Wages	6600	\$ 158,074	\$ 0	\$ 158,074	(Sch 2)
155	.20-.39	Fringe Benefits	6600	49,779	0	49,779	(Sch 2)
155	.49	Agency Staff	6600	0	0	0	(Sch 2)
155	.40-.99	Other - Nonlabor	6600	16,550	0	16,550	(Sch 4)
155		Social Services - Total	6600	\$ 224,403	\$ 0	\$ 224,403	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
PALO ALTO NURSING CENTER

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
160		Activities					
160	.01-.19	Salaries and Wages	6700	\$ 70,821	\$ 0	\$ 70,821	(Sch 2)
160	.20-.39	Fringe Benefits	6700	26,073	0	26,073	(Sch 2)
160	.49	Agency Staff	6700	0	0	0	(Sch 2)
160	.40-.99	Other - Nonlabor	6700	10,949	0	10,949	(Sch 4)
160		Activities - Total	6700	\$ 107,843	\$ 0	\$ 107,843	
165		Administration					
165	.01-.19	Salaries and Wages	6900	\$ 251,927	\$ 0	\$ 251,927	(Sch 6)
165	.20-.39	Fringe Benefits	6900	62,693	0	62,693	(Sch 6)
165	.49	Agency Staff	6900	0	0	0	(Sch 6)
165	.40-.99	Other - Nonlabor	6900	465,170	3,617	468,787	(Sch 6)
165		Administration - Total	6900	\$ 779,790	\$ 3,617	\$ 783,407	
166		Medical Records					
166	.01-.19	Salaries and Wages	6900	\$ 56,071	\$ 0	\$ 56,071	(Sch 3)
166	.20-.39	Fringe Benefits	6900	19,194	0	19,194	(Sch 3)
166	.49	Agency Staff	6900	0	0	0	(Sch 3)
166	.40-.99	Other - Nonlabor	6900	16,877	0	16,877	(Sch 4)
166		Medical Records - Total	6900	\$ 92,142	\$ 0	\$ 92,142	
167		CDPH Licensing Fees	6900	\$ 15,728	\$ 0	\$ 15,728	(Sch 6)
168		Professional Liability Insurance	6900	\$ 54,749	\$ 0	\$ 54,749	(Sch 6)
169		Quality Assurance Fees	6900	\$ 287,181	\$ 0	\$ 287,181	(Sch 6)
170		Inservice Education - Nursing					
170	.01-.19	Salaries and Wages	6800	\$ 72,136	\$ 0	\$ 72,136	(Sch 3)
170	.20-.39	Fringe Benefits	6800	24,416	0	24,416	(Sch 3)
170	.49	Agency Staff	6800	0	0	0	(Sch 3)
170	.40-.99	Other - Nonlabor	6800	0	0	0	(Sch 4)
170		Inservice Education - Nursing - Total	6800	\$ 96,552	\$ 0	\$ 96,552	
174		Caregiver Training					
174	.01-.19	Salaries and Wages	6900	\$	\$ 0	\$ 0	(Sch 6)
174	.20-.39	Fringe Benefits	6900		0	0	(Sch 6)
174	.49	Agency Staff	6900		0	0	(Sch 6)
174	.40-.99	Other - Nonlabor	6900		0	0	(Sch 6)
174		Caregiver Training - Total	6900	\$ 0	\$ 0	\$ 0	
		<b>Subtotal 155 - 174</b>		\$ 1,658,388	\$ 3,617	\$ 1,662,005	
200		<b>Total</b>		\$ 7,397,608	\$ 1	\$ 7,397,609	

210	0.24	Total Facility Group Health Insurance *	6900			\$ 294,192	
-----	------	---	------	--	--	------------	--

\* For informational purposes only, this amount is included in various cost centers above.

Provider Name:  
PALO ALTO NURSING CENTER

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	Sub No.	Description	TOTAL ADJ (Page 1)	AUDIT ADJ 2	AUDIT ADJ 3	AUDIT ADJ 4	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ
005	1	Plant Operations and Maintenance - Salaries and Wages	0							
005	2	Plant Operations and Maintenance - Fringe Benefits	0							
005	3	Plant Operations and Maintenance - Agency Staff	0							
005	4	Plant Operations and Maintenance - Other - Nonlabor	0							
010	1	Housekeeping - Salaries and Wages	0							
010	2	Housekeeping - Fringe Benefits	0							
010	3	Housekeeping - Agency Staff	0							
010	4	Housekeeping - Other - Nonlabor	0							
015	4	Depreciation: Buildings and Improvements	0							
020	4	Depreciation: Leasehold Improvements	0							
025	4	Depreciation: Equipment	0							
030	4	Depreciation and Amortization - Other	0							
035	4	Leases and Rentals	0							
040	4	Property Taxes	0							
045	4	Property Insurance	0							
050	4	Interest - Property, Plant, and Equipment	0							
055	4	Interest - Other	0							
060	1	Laundry and Linen - Salaries and Wages	0							
060	2	Laundry and Linen - Fringe Benefits	0							
060	3	Laundry and Linen - Agency Staff	0							
060	4	Laundry and Linen - Other - Nonlabor	0							
065	1	Dietary - Salaries and Wages	0							
065	2	Dietary - Fringe Benefits	0							
065	3	Dietary - Agency Staff	0							
065	4	Dietary - Other - Nonlabor	0							
070	4	Provision for Bad Debts	0							
075	1	Patient Supplies - Salaries and Wages	0							
075	2	Patient Supplies - Fringe Benefits	0							
075	3	Patient Supplies - Agency Staff	0							
075	4	Patient Supplies - Other - Nonlabor	4,955	3,760	1,195					
077	1	Specialized Support Surfaces - Salaries and Wages	0							
077	2	Specialized Support Surfaces - Fringe Benefits	0							
077	3	Specialized Support Surfaces - Agency Staff	0							
077	4	Specialized Support Surfaces - Other - Nonlabor	0							
080	1	Physical Therapy - Salaries and Wages	0							
080	2	Physical Therapy - Fringe Benefits	0							
080	3	Physical Therapy - Agency Staff	0							
080	4	Physical Therapy - Other - Nonlabor	0							
081	1	Respiratory Therapy - Salaries and Wages	0							
081	2	Respiratory Therapy - Fringe Benefits	0							
081	3	Respiratory Therapy - Agency Staff	0							
081	4	Respiratory Therapy - Other - Nonlabor	0							
082	1	Occupational Therapy - Salaries and Wages	0							
082	2	Occupational Therapy - Fringe Benefits	0							
082	3	Occupational Therapy - Agency Staff	0							
082	4	Occupational Therapy - Other - Nonlabor	0							
083	1	Speech Pathology - Salaries and Wages	0							
083	2	Speech Pathology - Fringe Benefits	0							
083	3	Speech Pathology - Agency Staff	0							

Provider Name:  
PALO ALTO NURSING CENTER

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	Sub No.	Description	TOTAL ADJ (Page 1)	AUDIT ADJ 2	AUDIT ADJ 3	AUDIT ADJ 4	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ
083	4	Speech Pathology - Other - Nonlabor	0							
085	1	Pharmacy - Salaries and Wages	0							
085	2	Pharmacy - Fringe Benefits	0							
085	3	Pharmacy - Agency Staff	0							
085	4	Pharmacy - Other - Nonlabor	0							
090	1	Laboratory - Salaries and Wages	0							
090	2	Laboratory - Fringe Benefits	0							
090	3	Laboratory - Agency Staff	0							
090	4	Laboratory - Other - Nonlabor	0							
095	1	Home Health Services - Salaries and Wages	0							
095	2	Home Health Services - Fringe Benefits	0							
095	3	Home Health Services - Agency Staff	0							
095	4	Home Health Services - Other - Nonlabor	0							
100	1	Other Ancillary Services - Salaries and Wages	0							
100	2	Other Ancillary Services - Fringe Benefits	0							
100	3	Other Ancillary Services - Agency Staff	0							
100	4	Other Ancillary Services - Other - Nonlabor	0							
101	1	Subacute Care Ancillary Services - Salaries and Wages	0							
101	2	Subacute Care Ancillary Services - Fringe Benefits	0							
101	3	Subacute Care Ancillary Services - Agency Staff	0							
101	4	Subacute Care Ancillary Services - Other - Nonlabor	0							
102	1	Subacute Pediatric Ancillary Services - Salaries and Wages	0							
102	2	Subacute Pediatric Ancillary Services - Fringe Benefits	0							
102	3	Subacute Pediatric Ancillary Services - Agency Staff	0							
102	4	Subacute Pediatric Ancillary Services - Other - Nonlabor	0							
105	1	Skilled Nursing Care - Salaries and Wages	(2,615)			(2,615)				
105	2	Skilled Nursing Care - Fringe Benefits	(501)			(501)				
105	3	Skilled Nursing Care - Agency Staff	0							
105	4	Skilled Nursing Care - Other - Nonlabor	(5,455)	(3,760)	(1,195)	(500)				
110	1	Intermediate Care - Salaries and Wages	0							
110	2	Intermediate Care - Fringe Benefits	0							
110	3	Intermediate Care - Agency Staff	0							
110	4	Intermediate Care - Other - Nonlabor	0							
115	1	Mentally Disordered Care - Salaries and Wages	0							
115	2	Mentally Disordered Care - Fringe Benefits	0							
115	3	Mentally Disordered Care - Agency Staff	0							
115	4	Mentally Disordered Care - Other - Nonlabor	0							
120	1	Developmentally Disabled Care - Salaries and Wages	0							
120	2	Developmentally Disabled Care - Fringe Benefits	0							
120	3	Developmentally Disabled Care - Agency Staff	0							
120	4	Developmentally Disabled Care - Other - Nonlabor	0							
125	1	Subacute Care - Salaries and Wages	0							
125	2	Subacute Care - Fringe Benefits	0							
125	3	Subacute Care - Agency Staff	0							
125	4	Subacute Care - Other - Nonlabor	0							
126	1	Subacute Care - Pediatric - Salaries and Wages	0							
126	2	Subacute Care - Pediatric - Fringe Benefits	0							
126	3	Subacute Care - Pediatric - Agency Staff	0							
126	4	Subacute Care - Pediatric - Other - Nonlabor	0							

Provider Name:  
PALO ALTO NURSING CENTER

Provider NPI:  
1780719278

OSHPD Facility Number:  
206431059

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	Sub No.	Description	TOTAL ADJ (Page 1)	AUDIT ADJ 2	AUDIT ADJ 3	AUDIT ADJ 4	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ
128	1	Transitional Inpatient Care - Salaries and Wages	0							
128	2	Transitional Inpatient Care - Fringe Benefits	0							
128	3	Transitional Inpatient Care - Agency Staff	0							
128	4	Transitional Inpatient Care - Other - Nonlabor	0							
130	1	Hospice Inpatient Care - Salaries and Wages	0							
130	2	Hospice Inpatient Care - Fringe Benefits	0							
130	3	Hospice Inpatient Care - Agency Staff	0							
130	4	Hospice Inpatient Care - Other - Nonlabor	0							
135	1	Other Routine Services - Salaries and Wages	0							
135	2	Other Routine Services - Fringe Benefits	0							
135	3	Other Routine Services - Agency Staff	0							
135	4	Other Routine Services - Other - Nonlabor	0							
139	1	Residential Care - Salaries and Wages	0							
139	2	Residential Care - Fringe Benefits	0							
139	3	Residential Care - Agency Staff	0							
139	4	Residential Care - Other - Nonlabor	0							
140	1	Beauty and Barber - Salaries and Wages	0							
140	2	Beauty and Barber - Fringe Benefits	0							
140	3	Beauty and Barber - Agency Staff	0							
140	4	Beauty and Barber - Other - Nonlabor	0							
145	1	Other Nonreimbursable - Salaries and Wages	0							
145	2	Other Nonreimbursable - Fringe Benefits	0							
145	3	Other Nonreimbursable - Agency Staff	0							
145	4	Other Nonreimbursable - Other - Nonlabor	0							
155	1	Social Services - Salaries and Wages	0							
155	2	Social Services - Fringe Benefits	0							
155	3	Social Services - Agency Staff	0							
155	4	Social Services - Other - Nonlabor	0							
160	1	Activities - Salaries and Wages	0							
160	2	Activities - Fringe Benefits	0							
160	3	Activities - Agency Staff	0							
160	4	Activities - Other - Nonlabor	0							
165	1	Administration - Salaries and Wages	0							
165	2	Administration - Fringe Benefits	0							
165	3	Administration - Agency Staff	0							
165	4	Administration - Other - Nonlabor	3,617			3,617				
166	1	Medical Records - Salaries and Wages	0							
166	2	Medical Records - Fringe Benefits	0							
166	3	Medical Records - Agency Staff	0							
166	4	Medical Records - Other - Nonlabor	0							
167	4	CDPH Licensing Fees	0							
168	4	Professional Liability Insurance	0							
169	4	Quality Assurance Fees	0							
170	1	Inservice Education - Nursing - Salaries and Wages	0							
170	2	Inservice Education - Nursing - Fringe Benefits	0							
170	3	Inservice Education - Nursing - Agency Staff	0							
170	4	Inservice Education - Nursing - Other - Nonlabor	0							
174	1	Caregiver Training - Salaries and Wages	0							
174	2	Caregiver Training - Fringe Benefits	0							



Provider Name							Fiscal Period		Provider NPI		Adjustments
PALO ALTO NURSING CENTER							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1780719278		6
Report References							Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
<u>MEMORANDUM ADJUSTMENT</u>											
1	Not Reported			8	210		Total Facility Group Health Insurance To include Group Health Insurance in the audit for informational purpose only. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 230	\$0	\$294,192	\$294,192	

Provider Name							Fiscal Period	Provider NPI	Adjustments		
PALO ALTO NURSING CENTER							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1780719278	6		
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
<b><u>RECLASSIFICATIONS OF REPORTED COSTS</u></b>											
2	10.5	075	4	8A-1	075	4	Patient Supplies - Other - Nonlabor	\$55,305	\$3,760	\$59,065 *	
	10.5	105	4	8A-1	105	4	Skilled Nursing Care - Other - Nonlabor	85,776	(3,760)	82,016 *	
							To reclassify oxygen expense not included in the daily rate to an ancillary cost center for proper cost determination. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304 CCR Title 22, Section 51511(c)				
3	10.5	075	4	8A-1	075	4	Patient Supplies - Other - Nonlabor	* \$59,065	\$1,195	\$60,260	
	10.5	105	4	8A-1	105	4	Skilled Nursing Care - Other - Nonlabor	* 82,016	(1,195)	80,821 *	
							To reclassify alternating mattresses expense not included in the daily rate to a separately billable cost center for proper cost determination. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304 CCR Title 22, Section 51511(c)				

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
PALO ALTO NURSING CENTER							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1780719278		6
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No				
<b><u>ADJUSTMENT TO REPORTED COSTS</u></b>										
4	10.5	105	1	8A-1	105	1	Skilled Nursing Care - Salaries and Wages	\$1,889,821	(\$2,615)	\$1,887,206
	10.5	105	2	8A-1	105	2	Skilled Nursing Care - Fringe Benefits	628,509	(501)	628,008
	10.5	105	4	8A-1	105	4	Skilled Nursing Care - Other - Nonlabor	* 80,821	(500)	80,321
	10.5	165	4	8A-1	165	4	Administration - Other - Nonlabor	465,170	3,617	468,787
To adjust the reported home office costs to agree with the filed Covenant Care, LLC Home Office Cost Report for the fiscal period ended December 31, 2011. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304										

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
PALO ALTO NURSING CENTER							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1780719278		6
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No				
<b><u>ADJUSTMENT TO REPORTED PATIENT DAYS</u></b>										
5	4.1	5	2	1	15	Medi-Cal Days To reflect Medi-Cal patient days based on the following Fiscal Intermediary Payment Data. Service Period: January 01, 2011 through December 31, 2011 Payment Period: January 01, 2011 through October 15, 2012 Report Date: October 16, 2012 42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64, and 433.139 CMS Pub. 15-1, Sections 2300, 2304, 2404, and 2408 CCR, Title 22, Section 51541	11,824	(2,619)	9,205	

Provider Name							Fiscal Period			Provider NPI		Adjustments
PALO ALTO NURSING CENTER							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1780719278		6
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report				Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No						
<u>ADJUSTMENT TO OTHER MATTERS</u>												
6	Not Reported			1	14		Overpayments To recover outstanding Medi-Cal credit balances. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304 CCR Title 22, Sections 50761 and 51458.1		\$0	\$7,513	\$7,513	